5

10





## ABSTRACT OF THE DISCLOSURE

To compress an image, each pixel is considered. The color of each pixel, represented as an index into a color palette, is compared with the color of the pixel's upper and left neighbors and encoded to an entry in the color palette. A probability distribution is updated based on the colors of the pixel and its left and upper neighbors. Once all pixels are encoded, the color palette is optimized using the probability distribution, and the indices into the color palette for the pixels are compressed. In the preferred embodiment, the compression is achieved using a single pass over the pixels in the image, and the probability distribution is updated dynamically as each pixel is compressed.